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SUBJECT: PANAMA PROPOSED MERGER OF AIR AND MARITIME SERVICES - INNOVATION OR A BAD MARRIAGE?

SUMMARY

[¶1.](#) (SBU) An October 6 proposal by Panama's Minister of Government and Justice (MOGJ) Hector Aleman to combine Panama's National Maritime Service (SMN) and National Air Service (SAN) into a National Coast Guard (Guardacostas) as an efficiency and cost-saving measure drew criticism from former Panamanian President Guillermo Endara, who immediately labeled the plan unconstitutional. In newspaper reports that showed the Government of Panama's (GOP) sensitivity to anti-re militarization critics, Aleman seemed to argue that the proposed merger would help to prevent the SMN and SAN's evolution into strong military forces capable of threatening Panama's democracy. The proposal partly is an attempt to reform the SMN and SAN which clearly suffer from underfunding, shoddy maintenance, and poor leadership but to succeed it will need much higher budget outlays. Those look improbable. End summary.

Coastal Security

[¶2.](#) Danilo Toro, MOGJ Chief of Staff, told PolOff that Panama needs a combined SMN-SAN Coast Guard to provide coastal security and protect infrastructure. Toro believes the proposed Guardacostas doesn't violate Panama's constitution and the National Assembly only needs to enact new legislation. Funding probably will emerge as the main issue.

The new service will need improved equipment and maintenance procedures, and possibly new bases to provide better protection to the Panama Canal and leaky borders with Costa Rica and Colombia, Toro said. Panama also wants to protect its Atlantic and Pacific coastlines that total over 1500 miles in length and that are dotted by over 400 islands.

Era of the bad feelings: 1968-1989

[¶3.](#) (SBU) Since Operation Just Cause removed Panama's military dictatorship and restored democracy in December 1989, many Panamanians fear the remilitarization of their country and some bristle at the presence of U.S. forces even during off-shore exercises such as PANAMAX. In 1994, Panama amended its constitution (article 310) to prohibit the establishment of a permanent military. The constitution permits legislation to organize necessary police services which led to the creation of the Panamanian Public Forces (PPF) all under civilian control. (Comment: the current SMN director wears a white Rear Admiral's uniform, an irritant to many anti-military Panamanians. End comment.) The PPF includes the Panamanian National Police (PNP), SAN, and SMN under the authority of the MOGJ. The Ministry of the Presidency supervises the fourth element of the PNP, the Institutional Protection Service (SPI), the Presidential bodyguard.

Immediate Response

[¶4.](#) (SBU) Shortly after Aleman's announcement about the proposed Coast Guard, former President Guillermo Endara and (separately) retired Noriega-era General Ruben Dario Paredes denounced the plan as unconstitutional. Endara, Panama's president from 1989 to 1994, told newspaper reporters that the plan made him nervous. Endara fears that concentrating power in a single organization could pose a threat to democracy. Clear divisions between the PPF elements, established during his presidency, were designed to prevent a concentrating power. Paredes labeled the proposed Coast Guard a violation of article 310 of the constitution and expressed fears that it would lead to an evolution of a "strong man" who could threaten Panama's democracy.

(Comment: Paredes comments are somewhat ironical since he has first hand knowledge of how "strong-men" emerge. He won a power struggle to become chief of staff of Panama's Guardia Nacional after the death of Omar Torrijos in 1981, then forced Panama's President Royo to resign, but was eventually forced out of power by Noriega. End comment.)

Reorganization "a real possibility"

[¶5.](#) (SBU) In January 2005, the SMN was shaken by the death

of a marine recruit and in August by the drowning of three marines during a mock assault on an island in the Panama Canal. Amid calls for his resignation, SMN director Rear Admiral Ricardo Traad drew heavy criticism for the deaths and for his frequent travel and comfortable lifestyle. Toro spoke openly and confidently about the reorganization during his discussion with PolOff, adding that a final decision rests with President Martin Torrijos, Aleman, and the National Assembly. Toro emphasized that the initial reorganization plan had been developed in June before the PANAMAX drownings, it was not a reaction to the tragedy as many newspaper accounts claimed. He also said Panama cannot afford to continue wasting its money by funding the SMN and SAN as inefficient separate entities which always compete for scarce resources. Toro did not discuss how joining the two services would save money. Toro also emphasized the proposal does not represent a change in Panama's relationship with the United States or the Department of Defense.

SMN/SAN: no real threat to democracy.

16. (SBU) Neither the SMN or the SAN currently pose any threat to the GOP according to Embassy DOD officers. Neither service has heavy weaponry, tanks, armored vehicles, attack helicopters or fighter aircraft to stage a coup. Toro reminded PolOff that the PNP has over 15,000 members, much more than the SMN and SAN combined. Currently three of the six SMN's lightly armed patrol boats are dry-docked due to corrosion problems.

17. (SBU) The SMN has only 700 members, 150 of whom are marines, but leadership at all ranks is poor. Public criticism of its professionalism is rampant. The SAN's aging fleet of helicopters and transport aircraft, the majority of which are over twenty years old, suffer from poor maintenance, often the result of high turnover of experienced mechanics to better paying jobs. The 700 member SAN has four unarmed T-35 trainer aircraft and two propeller driven C-212 transport aircraft. The rotary squadron of 14 aircraft consists of mostly UH-1 helicopters only five of which are currently airworthy. Four of the helicopters are being cannibalized for spare parts. Following a maintenance assessment by the Missouri Army National Guard in September, the Embassy has advised its personnel not to fly on Panamanian helicopters due to safety concerns. Any threat posed to the GOP by the SAN/SMN could be answered by the over 15,000 members of the PNP but that organization is also in the process of reorganization.

The Canal is always the key

18. (SBU) Maritime security and protecting the Canal and its associated ports is crucial to Panama's economy, Toro emphasized. Much of Panama's infrastructure such as its Atlantic-to-Pacific railway and communications systems are located on or near the Canal. In an incident two weeks ago that rendered most of Panama's phone and computer systems inoperable, vandals cut a fiber optic cable in the Atlantic port city of Colon possibly believing it was copper wire that could quickly be sold for cash. Toro feels this incident underscores the need for better protection of the country's infrastructure. (Comment: an act of vandalism, such as the cutting of a phone cable is a problem for the police to prevent, not maritime forces.)

A well-thought out plan?

19. (SBU) When PolOff asked Toro what Panama needs to effect this proposed merger, he quickly provided a checklist agenda. Toro's checklist, although not detailed, provides a good overview of some of the problems with the current force structure. Toro stated the plan must begin with the development of new doctrine focused on coastal defense, not just defending the Canal. Next, the new Coast Guard would need additional naval bases and airports to base its operations. Toro cited the need to increase resources for proper maintenance of ships and aircraft. The final part of the plan is to increase training for all PPF members in the new service.

Comment: Time for a fresh start?

10. (SBU) The idea of creating a coast guard, possibly modeled along the lines of the U.S. Coast Guard (USCG), is innovative and shows both the GOP and MOGJ are willing to try new ideas to solve systemic problems in the SAN and SMN. In some ways, starting a new organization might be easier than trying to repair the existing structure of the SMN and SAN. It also avoids potential disagreements about which service should receive new equipment at the expense of the other. Since the USCG is nominally a law enforcement agency under DHS, Panama's use of this model could address some of the existing public fears of remilitarization.

Spend Money to Save Money?

111. (SBU) The missing pieces in the plan are resources and training. Simply merging the two poorly- equipped forces is not a solution. Purchasing new helicopters and ships will be expensive and also pointless without proper maintenance. Though part of the justification for the reorganization is to reduce spending, the GOP will need to spend a considerable amount of money to ensure their plan succeeds. The issue of training and professionalism in the PPF also needs to be addressed.

Opportunity for the U.S.?

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112. (SBU) The drowning of three marines conducting what should be a basic military maneuver for them points to serious training deficiencies. Panama faces a real challenge in creating a new organization from two troubled units and will look to the U.S. for guidance, training, and resources if it attempts to move forward with this major change. The plan also presents the U.S. with an opportunity to assist in the creation of an organization that will better serve U.S. interests in a region frequently called "America's third border." Aleman and Toro have said Panama cannot afford to continue operating both the SAN and SMN. How Panama plans to fund a Coast Guard that will need new bases, equipment, and maintenance facilities is the critical issue.

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